

BRETT L. TOLMAN, United States Attorney (No. 8821)
MARK Y. HIRATA, Assistant United States Attorney (No. 5087)
Attorneys for the United States of America
185 South State Street, Suite 400
Salt Lake City, Utah 84111
Telephone: (801) 524-5682

FILED IN UNITED STATES DISTRICT
COURT, DISTRICT OF UTAH
AUG 01 2007
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DEPUTY CLERK

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

ROSEMARY KAPPES,

Case: 2:07-cr-00501
Assigned To : Benson, Dee
Assign. Date : 08/01/2007

INDICTMENT

Viol. 18 U.S.C. § 1341 (Mail Fraud);
18 U.S.C. § 1347 (Health Care Fraud);
18 U.S.C. § 666 (Theft Concerning Program

The Grand Jury charges:

At all times material to this Indictment:

1. Defendant ROSEMARY KAPPES was a resident of Davis and Salt Lake County, Utah, employed by the Housing Authority of Salt Lake City (the "Housing Authority"), and was covered for health care benefits through a plan offered by Regence Blue Cross Blue Shield of Utah ("Regence") and paid for by the Housing Authority. The health insurance plan covered defendant KAPPES and her dependents. Dependents under the health insurance plan included defendant KAPPES' legally married spouse. The health insurance plan also identified divorce or

annulment as a circumstance which automatically terminated an ex-spouse/dependent's insurance coverage as of the first monthly anniversary of the effective date of the divorce or annulment.

2. The Housing Authority paid Regence monthly insurance premiums to secure health benefits for, among other Housing Authority employees, defendant KAPPES and her dependents. Said premiums were paid by the Housing Authority through checks drawn from Federal funds derived from the United States Department of Housing and Urban Development and Housing Authority funds. The Housing Authority sent premium checks to Regence through the United States mails.

3. The Housing Authority was an organization, government, or agency who received annually benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance, or other form of Federal assistance.

4. R.K. was a resident of Davis and Salt Lake County, Utah. Defendant KAPPES

and R.K. were married until their divorce, which became effective on or about November 1, 1996. Throughout the marriage and following the divorce, defendant KAPPES claimed R.K. as a dependent under her health insurance plan with Regence.

5. Regence was a "health care benefit program" as that term is defined under 18 U.S.C. § 24(b).

**Counts 1 through 13
18 U.S.C. § 1341
(Mail Fraud)**

6. The Grand Jury incorporates and realleges the facts contained in paragraphs 1 through 5 above as if fully stated herein.

7. From on or about November 1, 1996 to on or about August 23, 2004, in the

Central Division of the District of Utah,

ROSEMARY KAPPES,

defendant herein, devised and intended to devise a scheme and artifice to defraud and for obtaining money by means of false and fraudulent pretenses, representations, and promises, and in doing so, knowingly caused to be placed in a Post Office and an authorized depository for mail matters, and caused to be delivered by mail according to the directions thereon for the purpose of executing such scheme, in that defendant KAPPES knowingly omitted and failed to disclose to the Housing Authority and Regence that she had divorced R.K., effective November 1, 1996, resulting in the Housing Authority mailing monthly payments of insurance premiums for R.K. to Regence, a benefit to which neither defendant KAPPES nor R.K. were entitled.

8. It was part of the scheme and artifice to defraud that defendant KAPPES knowingly allowed the Housing Authority to continue to pay monthly insurance premiums to

Regence to cover R.K. under her health insurance plan, knowing full well that R.K. no longer qualified as a dependent legally married to her.

9. It was further a part of the scheme and artifice to defraud that defendant KAPPES knowingly allowed R.K. to falsely represent himself to health care providers and suppliers as a dependent under her policy, knowing full well that R.K. no longer qualified as a dependent legally married to her. The foregoing misrepresentations and omissions caused Regence to receive, process, and pay for claims submitted by R.K.'s health care providers and suppliers for services and drugs rendered, when in truth and fact no such coverage existed under defendant KAPPES' health insurance plan.

10. On or about each of the dates identified below, in the Central Division of the

District of Utah, defendant KAPPES, for the purpose of executing the scheme and artifice to defraud, and attempting to do so, and to obtain money by means of false and fraudulent pretenses, representations, and promises, knowingly caused to be placed in a Post Office and an authorized depository for mail matters, and caused to be delivered by mail according to the directions thereon, the following premium payments, among others, from the Housing Authority to Regence:

Count	Date of Mailing (on or about)	Description of Mail Matter
1	08/30/02	Insurance Premium Check No. 050908 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent
2	10/25/02	Insurance Premium Check No. 051695 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent

3	11/22/02	Insurance Premium Check No. 052320 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent
4	02/14/03	Insurance Premium Check No. 053366 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent
5	04/25/03	Insurance Premium Check No. 054372 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent
6	06/20/03	Insurance Premium Check No. 055137 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent
7	08/01/03	Insurance Premium Check No. 055743 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent

Count	Date of Mailing (on or about)	Description of Mail Matter
8	10/03/03	Insurance Premium Check No. 056632 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent
9	11/21/03	Insurance Premium Check No. 057281 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent
10	02/01/04	Insurance Premium Check No. 058170 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent
11	04/01/04	Insurance Premium Check No. 058910 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent
12	06/01/04	Insurance Premium Check No. 059727 from the Housing Authority Payable to Regence covering, among others, defendant KAPPES and R.K. as a dependent
13	08/06/04	Insurance Premium Check No. 060628 from the Housing Authority

All in violation of 18 U.S.C. §§ 1341, 2(b).

**Counts 14 through 35
18 U.S.C. § 1347
(Health Care Fraud)**

11. The Grand Jury incorporates and realleges the facts contained in paragraphs 1 through 5 above as if fully stated herein.

12. The Grand Jury further incorporates and realleges the scheme allegations contained in paragraphs 8 and 9 above as if fully stated herein.

13. From on or about November 1, 1996 to on or about August 23, 2004, in the Central Division of the District of Utah,

ROSEMARY KAPPES,

defendant herein, knowingly and willfully executed and attempted to execute a scheme and artifice to defraud a health care benefit program and to obtain money under the custody or control of such program by means of false and fraudulent pretenses, representations, and promises, in connection with the delivery of or payment for health care benefits, items, and services, in that defendant KAPPES knowingly omitted and failed to disclose to the Housing Authority and Regence, a health care benefit program, that she had divorced R.K., effective November 1, 1996, and thereby caused health care providers and suppliers to submit claims to Regence under false and fraudulent pretenses, resulting in payments by Regence to such health care providers and suppliers, a benefit to which neither defendant KAPPES nor R.K. were entitled.

14. In furtherance of the scheme and artifice to defraud, defendant KAPPES caused the following claims, among others, to be submitted by health care providers and facilities to

Regence for processing and payment:

Count	Health Care Provider or Facility Date of Service (on or about)	Claim Submission Date (on or about)	False and Fraudulent Pretense Under Which Claim Was Submitted Under Defendant KAPPES' Health Insurance Plan
14	Pharmacy 1 08/26/02	08/26/02	R.K. was a dependent legally married to Defendant KAPPES
15	Facility 1 10/08/02	10/11/02	R.K. was a dependent legally married to Defendant KAPPES
16	Provider 1 10/16/02	10/24/02	R.K. was a dependent legally married to Defendant KAPPES
17	Provider 2 10/17/02	10/24/02	R.K. was a dependent legally married to Defendant KAPPES
18	Pharmacy 1 11/04/02	11/04/02	R.K. was a dependent legally married to Defendant KAPPES

Count	Health Care Provider or Facility Date of Service (on or about)	Claim Submission Date (on or about)	False and Fraudulent Pretense Under Which Claim Was Submitted Under Defendant KAPPES' Health Insurance Plan
19	Provider 3 11/18/02	12/03/02	R.K. was a dependent legally married to Defendant KAPPES
20	Facility 1 12/19/02	02/24/03	R.K. was a dependent legally married to Defendant KAPPES
21	Pharmacy 1 01/02/03	01/02/03	R.K. was a dependent legally married to Defendant KAPPES
22	Facility 1 02/13/03	02/20/03	R.K. was a dependent legally married to Defendant KAPPES
23	Pharmacy 1 03/13/03	03/13/03	R.K. was a dependent legally married to Defendant KAPPES
24	Pharmacy 1 04/07/03	04/07/03	R.K. was a dependent legally married to Defendant KAPPES
25	Facility 1 06/03/03	06/25/03	R.K. was a dependent legally married to Defendant KAPPES

26	Provider 3 06/03/03	06/10/03	R.K. was a dependent legally married to Defendant KAPPES
27	Provider 4 07/01/03	07/08/03	R.K. was a dependent legally married to Defendant KAPPES
28	Facility 2 07/01/03	07/14/03	R.K. was a dependent legally married to Defendant KAPPES
29	Provider 5 07/08/03	07/16/03	R.K. was a dependent legally married to Defendant KAPPES
30	Provider 1 10/07/03	10/29/03	R.K. was a dependent legally married to Defendant KAPPES
31	Provider 6 10/15/03	10/20/03	R.K. was a dependent legally married to Defendant KAPPES
32	Facility 3 05/19/04	05/25/04	R.K. was a dependent legally married to Defendant KAPPES

Count	Health Care Provider or Facility Date of Service (on or about)	Claim Submission Date (on or about)	False and Fraudulent Pretense Under Which Claim Was Submitted Under Defendant KAPPES' Health Insurance Plan
33	Provider 3 06/07/04	06/15/04	R.K. was a dependent legally married to Defendant KAPPES
34	Facility 3 08/18/04	08/24/04	R.K. was a dependent legally married to Defendant KAPPES
35	Provider 1 08/18/04	09/08/04	R.K. was a dependent legally married to Defendant KAPPES

All in violation of 18 U.S.C. §§ 1347, 2(b).

Count 36
18 U.S.C. § 666
(Theft Concerning Program Receiving Federal Funds)

15. The Grand Jury incorporates and realleges the factual allegations in paragraphs 1 through 5, 8, and 9 above as if fully stated herein.

16. From on or about November 1, 1996 to on or about August 23, 2004, in the Central Division of the District of Utah,

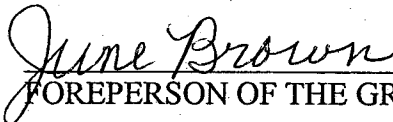
ROSEMARY KAPPES,

defendant herein, as an "agent" (as that term is defined by 18 U.S.C. § 666(d)(1)) of an organization, State, local government, or agency thereof, embezzled, stole, obtained by fraud, and otherwise without authority, knowingly converted to her use and the use of any person other than the rightful owner and intentionally misapplied property valued at over \$5,000.00 and owned by and under the care, custody, and control of such organization, State, local government, or agency thereof, in that defendant KAPPES knowingly omitted and failed to disclose to the Housing Authority and Regence that she had divorced R.K., effective November 1, 1996, and

thereby caused payments of insurance premiums from the Housing Authority to Regence totaling over \$5,000.00, a benefit to which neither defendant KAPPES nor R.K. were entitled;

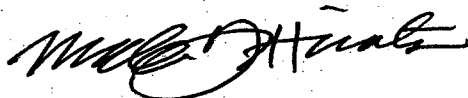
All in violation of 18 U.S.C. §§ 666, 2(b).

A TRUE BILL:


FOREPERSON OF THE GRAND JURY

APPROVED:

BRETT L. TOLMAN
United States Attorney



MARK Y. HIRATA

